



The ACTA Watchdog

Newsletter of the Arlington County Taxpayers Association

KEEPING A SHARP EYE ON GOVERNMENT

October 8, 2007

www.acta.us

Table of Contents

Hey, Big Spender 1

County Board Candidates
Respond to Questions 2

County Board Candidates Answer Questions

Anticipating the November 6, 2007 elections, most of the newsletter is devoted to the responses to 14 tax-related questions we posed to the five candidates for Arlington County Board – Michael McMenamin, Joshua. Ruebner, Mary Hynes, Walter Tejada and Joseph Warren – responses about issues affecting Arlington County taxpayers.

We asked that answers be limited to 65 words, but we reserved the right to edit those exceeding that limit. With one exception, we did only minor editing on a few responses, but in no case did we change the nature of the response. The exception came in over double the limit. The questions and answers are on **pages 2-7**.

Arlington County Government Hey, Big Spender!

Members of the Arlington County Board like to talk about Arlington having the lowest tax rates in the region. That may be true, but except for Falls Church, the Arlington County Board is the biggest spender in Northern Virginia. The following table is based upon data from Virginia’s Auditor of Public Accounts’ Comparative Report of Local Government for Revenues and Expenditures for the Fiscal Year Ended June 30, 2006.

A COMPARISON OF FY 2006 SPENDING IN NORTHERN VIRGINIA

<u>Jurisdiction</u>	<u>Total Spending</u>	<u>Population</u>	<u>Spending Per Capita</u>
Arlington	\$ 765,061,748	194,358	\$3,936
Fairfax	\$ 3,465,296,928	1,016,483	\$3,409
Loudoun	\$ 866,706,795	269,605	\$3,215
Prince William	\$ 1,055,971,000	369,216	\$2,860
Alexandria	\$ 504,618,168	132,343	\$3,813
Falls Church	\$ 57,588,367	11,085	\$5,195

Source: Virginia Auditor of Public Accounts “Comparative Report” for FY 2006

The County Board may trumpet those “lowest tax rates in the region,” but they’re obviously hauling in a lot of our tax dollars. How else to explain the above chart?

"The only freedom deserving the name is that of pursuing our own good in our own way, so long as we do not attempt to deprive others of theirs, or impede their efforts to obtain it. Each is the proper guardian of his own health, whether bodily, or mental and spiritual. Mankind are greater gainers by suffering each other to live as seems good to themselves, than by compelling each to live as seems good to the rest."

John Stuart Mill

The ACTA Watchdog

The ACTA Watchdog

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Contacting the County Board

Fight back! Tell the County Board your thoughts on their spendthrift ways. Unless they hear from you, they will think everyone is happy with the tax increases they are burdening us with. Get your neighbors involved, too.

Write: Arlington County Board
 2100 Clarendon Boulevard
 Arlington, Virginia 22201

Call: (703) 228-3130

E-Mail: countyboard@arlingtonva.us

Tell them ACTA sent you!

"It is not the function of the government to keep the citizen from falling into error; it is the function of the citizen to keep the government from falling into error."

Justice Robert H. Jackson

"Three groups spend other people's money: children, thieves, politicians. All three need supervision."

Dick Armev

COUNTY BOARD CANDIDATES RESPOND TO ACTA'S QUESTIONS

ACTA's Questions	Michael McMenamin	Joshua Ruebner	Mary Hynes	Walter Tejada	Joseph Warren
1) For the adopted budget years FY 1995 through FY 2000, year-to-year growth averaged 3.7%. For the years since then (FY01 through FY08), growth has averaged 7.4%. Do you believe the budget should continue to grow at the rate of the past 8 years?	No, I do not. The 7.4% growth rate you cite for the last 8 years has been more than double the inflation rate, and in my opinion it is not sustainable.	With the real estate market slowing down, real estate assessments (and the associated tax revenue) will surely fall unless the tax rate is increased. Due to the tremendous tax and fee increases in recent years, the public has little appetite for tax increases. Therefore, the only other reasonable option is to restrain spending, cut unnecessary projects, focus resources on core services, and improve government efficiency.	No. I don't believe it is responsible to establish spending ceilings or floors ahead of setting the County budget. Fiscal conditions, new federal requirements, devolution of responsibility to local governments to address certain community needs, and a changing population should be examined each year as part of establishing budget guidance. I believe it's important to retain the flexibility to meet community needs.	The size of county government has remained relatively constant, with the number of County employees growing at roughly the same pace as Arlington's overall population. Yet, state and federal funding for many essential services has been shifted to the local level, causing local spending to increase during that time. Rather, I believe in careful review of each year's budget to ensure that we are providing appropriate services.	I do not think the budget should grow at the rate of the last 8 years. This spending reflects the good overall economy of Northern VA and rapidly rising residential real estate tax revenues. If the revenue is there, the Board will spend it. The financial picture is likely to change due to the decline in existing and new home sales. The Board's response is likely to be to increase the real estate tax rate.
2) Late each calendar year, the County Board gives its budget guidelines to the County Manager for the upcoming fiscal year's budget. The	I would wholeheartedly support such a direction to the County Manager, and if elected, I will work hard for its	It would depend upon what the general fund includes. Core government services, like neighborhood road paving, were removed from the general fund	As a general rule, I would oppose it. I don't agree that setting an arbitrary, fixed percentage for general fund spending growth	I would oppose it, because doing so would not necessarily reflect differences in the County's population, changing needs of the community, shifts in	I would support specific language to the manager not to exceed a given percentage growth. In fact, this is the usual budget

The ACTA Watchdog

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usual language has been that the budget be "balanced at existing tax rates." Would you support or oppose language that would direct the Manager not to exceed a given percentage of general fund spending growth?	inclusion. The Manager's initial budget proposal serves as the basis for what the Board ultimately approves. I see this as the only real way that spending growth can be effectively controlled.	(and transferred to Neighborhood Conservation) in order to prevent general fund increases. As a result, neighborhood roads are often in poor condition. Rather than using budget gimmicks, it would be better to fully fund core programs and services and to cut nonessential ones.	necessarily results in a responsible budget. In my view, budgets should reflect our community needs and priorities. Governing boards have a responsibility to develop thoughtful, appropriate responses (which may include additional taxes) to both immediate and emerging needs.	federal or state funding, or new opportunities or challenges (such as BRAC or the new transportation funding authorities). I believe that arbitrary numerical targets will not effectively ensure the County's needs are met.	procedure used in the federal government and, is needed at the local level. It is especially important to do this since the real estate market will have an important effect on FY 09 revenues.
3) The last three budgets have included considerable tax increases through either new or appreciably increased taxes (commercial utilities, personal property/car tax, residential utilities). Will you commit to not raising any existing tax rates or introducing any new taxes in the FY09 budget?	I don't need your 65 word limit to reply to this question. I only need one word – yes.	I cannot promise not to raise taxes if circumstances make it the most responsible alternative. New rules mandated by the Government Accounting Standards Board (GASB) will require the County to more accurately account for its retiree benefits obligations in its financial statements (see question 8). This change in accounting could easily eat up 30% or more of existing budget revenues and trigger a budget crisis.	No. Once again, I don't think it's wise to make such a commitment months before the County Board considers the County Manager's proposed budget. At the time, if circumstances support holding the line on taxes, I would support this direction.	No. That would be an irresponsible pledge. Good fiscal planning requires us to diversify the revenue base (so that, for example, we do not over-rely on the residential real estate tax). I believe we first need to examine what services the County needs to provide and then ensure that we have fair, equitable, progressive revenue generation to support them. Arlington's overall tax burden remains low compared to our neighbors.	I definitely would commit to not raising any existing tax rates and not introducing any new taxes.
4) It seems apparent that additional funds need to be devoted to the stormwater system. Should these funds be provided by: (a) existing general fund revenues; (b) a separate taxing authority, with the rate added to the real estate tax rate and the generated funds dedicated to stormwater; or (c) a new stormwater utility, comparable to our current water/sewer utility? If your answer is (c), what methodology would you support to charge property owners?	Proper maintenance of our storm water system is a basic function of local government. We don't need a new taxing authority or utility, both of which would bring new bureaucracies and fees. Funding should continue to come from the General Fund.	Consider all options. Use bonds for capital improvements with a lifespan of 20-plus years and general funds for recurring expenses. Contract out routine inspection and maintenance responsibilities (similar to trash collection) to lessen the number of additional FTE slots needed. Improve monitoring and enforcement (particularly for commercial infrastructure) to generate additional funds through fees and penalties. Increase permit-review fees. Set up special tax districts.	This issue and these alternatives are currently under review by the County Manager who is expected to make a recommendation soon. I am interested in understanding the pros and cons of each of these options as well the long term implications of these payment methods on other large essential capital expenditures.	Storm water management is a very important county function. I am glad that ACTA agrees the situation calls for increased funding. Staff will recommend how to fund the improvements. Using general fund revenues would be the simplest method and I will give it strong consideration. However, I will also give County Staff the opportunity to make the argument for a utility before making my decision.	I believe that any additional funds should come from general fund revenues until a study is made of the impact of development in the county. The problem is primarily due to the construction of high rise buildings over the last 15 years, increasing impervious land. It is not a problem of low-density areas, and their tax rates should not go up. The study should charge high-rise developers and occupants their real economic costs.
5) Do you support or oppose the re-introduction of the "green rod" process,	As I stated last year, I fully support re-introducing the	I am open to any reasonable proposal to improve the County's fiscal well-being, and I	In general, I don't support budget processes requiring the Manager to	I would want to study this management tool further. From time to time, it can be helpful to	I do support the "green rod" process. It will be especially important in the FY

The ACTA Watchdog

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<p>where the Manager would specifically propose a certain amount of program reductions/eliminations in each year's budget for the Board's consideration?</p>	<p>"green rod" process, and would direct the Manager to bring forth a defined dollar amount of them in his budget proposal. As a Board Member, I might reject some (or all) of the proposed reductions/eliminations – but such conversations between the Board and the community need to occur. They don't now.</p>	<p>would welcome input from the County Manager, the Civic Federation, and the general public. More active public debate is needed to evaluate competing funding priorities and effectively allocate limited resources. The County should make sure that taxpayers understand how and why their money is being spent.</p>	<p>propose annual arbitrary percent-of-budget cuts. I strongly believe that the Manager's proposed budget and the budget adopted by the County Board should be fully transparent. In the context of a periodic, comprehensive budget review, asking the Manager to propose cuts and additions is desirable.</p>	<p>have our least-necessary programs identified for review. However, as an annual event, it could have diminishing returns over time.</p>	<p>09 budget process.</p>
<p>6) What is your opinion of the current Neighborhood Conservation program? Should it be continued "as is," be changed, or be revamped?</p>	<p>The Neighborhood Conservation program is broken and inadequately funded. The current process of creating a plan and then getting on a list is absurd. Some communities cannot find people to work on updating the plan, so they are left out in the cold. We need to fund these initiatives at a sustainable level and then prioritize projects across the county.</p>	<p>Neighborhood Conservation (NC) is overburdened with core government responsibilities (such as road paving and storm water management) for which the program was never intended. Inadequate County project design and construction support has delayed funded projects for years, during which time costs have escalated well beyond approved funding. NC also has used ineffective cost estimating models. NC cannot work unless these problems are addressed.</p>	<p>The Neighborhood Conservation program has done many good things – new curbs, sidewalks, gutters and streets in many parts of the County, as well as park improvements and community beautification. At the same time, I think all County programs should be evaluated regularly. An evaluation of this program would aid us in determining whether, and what kind of, changes are needed.</p>	<p>I support NCAC. It allows residents to directly prioritize funding. At the same time, it must not become our only means for funding capital infrastructure improvements that the county has the obligation to undertake. We need to work with the active, informed citizens who serve on NCAC to ensure that it gets appropriate financial and staff support.</p>	<p>Many of these are road projects such as "nub outs" and other redesign projects funded by bonds in 2000, 2002 and 2004. For 31 projects approved in the 04 bond, the cost overrun was 52%. It should be changed; projects should be reviewed on a sample basis by outside engineers. Then a ranking process should be applied to all projects.</p>
<p>7) Would you have voted for the FY08 budget as it was adopted? What one change would you have most liked to have seen made to it?</p>	<p>No, I would not have voted for the budget as adopted. I would have funded the entire storm water initiative as initially proposed by the County Manager, and I would not have instituted the new residential utility tax - both of which could have been comfortably covered within existing revenues.</p>	<p>I would not have voted for the FY08 budget as adopted. Looking into ending the automatic school revenue sharing agreement would be a top priority. The school system should receive all the money it needs, but not more than it needs. Greater oversight and better management of school spending would free up revenue to fund core government services (like storm water management) and obligations (like retiree benefits).</p>	<p>Budgets developed by five-member County Boards inherently are compromises. There are no doubt changes that each Board member would have preferred. Similarly, there are changes I would like to have seen. For example, the loss of the LPACAP funds in 2006 required significant reductions in services to disabled Arlingtonians for succeeding years. I would like to have</p>	<p>Yes. And I did.</p>	<p>I would NOT have voted for the FY 08 budget as adopted. I would have voted to repeal the two 2006 vehicle tax increases. These increases meant that about one-third of county's vehicle owners experienced a 77% increase in the tax. No other jurisdiction in the state increased the vehicle tax last year.</p>

The ACTA Watchdog

ACTA's Questions	Michael McMenamin	Joshua Ruebner	Mary Hynes	Walter Tejada	Joseph Warren
			eliminated the direct service shortfalls that resulted.		
8) Actuaries have calculated the liability for the County & Schools' retiree health care benefits at \$750M. Less than 2% of that figure is currently reserved. Should this liability be dealt with on an actuarial basis (like pensions), or should we continue to effectively deal with retiree health care on a pay-as-you go basis, thereby passing the costs for current employees on to future taxpayers?	Especially with the explosion of revenues in recent years, it is unconscionable that we continue to effectively act as if this liability does not exist, passing it on to future generations. It is really no different than our pension liability, and must be dealt with as such.	The County can and must meet its obligations to retirees. Moreover GASB (see answer to #3) soon will force the County to more accurately account for its future retiree benefit obligations in its financial statements. The County should begin planning to address this change now. Otherwise, complying with the new rules will likely trigger a budget crisis requiring across-the-board cuts to all County programs and services.	I am committed to maintaining Arlington's strong fiscal position. Therefore, I support taking appropriate steps to forward fund this liability for County employees. I believe that the School Board must take appropriate steps, in concert with the County's adopted plan, to forward fund the liability for school employees.	I think this issue needs ongoing study. It is difficult to predict what will happen to financing of the national health care system in future years. Because the county has such a high credit rating, I do not support raising current taxes to pay for a somewhat speculative expense.	I believe that retiree health care costs should be dealt with on an actuarial basis. I have made this issue an important part of my comments on Arlington's budget.
9) In recent years Arlington has had the highest or second highest cost per student among Washington suburbs (now \$18,563 per student for FY 2008). The County Board's Revenue Sharing Agreement with the School Board automatically gives the School Board nearly half of all County tax revenues, without any demonstration of need. In other words, it appears to be driven by available revenue rather than a bottom-up justification of proposed spending. In your opinion, has the RSA been a success, a partial success, or a failure? How would you change it?	I've proposed eliminating the RSA. The County Board's single biggest line-item cannot continue to be set by auto-pilot. We should return to our old policy, which most of our neighbors, including Fairfax, still follow – let the School Board propose their budget, and ask the County Board for funding. The County Board then prioritizes available revenues, and sets the Schools transfer payment	Although Arlington comes in second in per-pupil spending, it is well below second place on quantitative measures of success like graduation rates, test scores, etc. Arlingtonians clearly are not getting the best bang for each education buck. Ending the automatic revenue sharing agreement would force the school system to begin setting priorities and learning how to live on a budget, just as the County Board needs to do as well.	The Revenue Sharing Agreement (RSA) is a success. Each year, the actual percentage of revenue transferred has declined because revenue from some local taxes has been excluded and the needs of Arlington's students have changed. The RSA has allowed the School Board to make important capital investments, reduce the need for bond funding and ensure on-time completion of essential school construction projects.	Proper school funding is critical. In terms of successful outcomes (high school graduation rates and college enrollment) Arlington's RSA has generated a strong rate of return on investment, despite the number of special needs students. The RSA has been re-evaluated every year it has been in effect, and has been adjusted periodically. I will always keep an open mind if future adjustments may be needed.	I believe the RSA is no longer justified, if it ever was. I would institute a separate Schools' budget using a bottom up justification of all spending.
10) The County has had a number of capital expenditure projects "in the works" for years, including the Reed School (once with a new Westover Library), a sports-aquatic complex at North Tract (north of Crystal City), and the (seemingly mythical)	The initial foundation still must be the bi-annual CIP. Then, we must strictly follow a policy of design funding in one bond cycle, and construction funding in a subsequent cycle, after solid cost	I support allocating funds for building the Cherrydale Fire Station and the Reed School/Westover Library. I have been a strong critic of the North Tract project and do not support providing public funds for what the Washington Post	I propose establishing an Infrastructure Planning Task Force to advise the County Board on the full range of issues related to County infrastructure. Voters have approved funding for the Cherrydale Fire Station and	All of these projects are important to the County and should proceed as planned, though some have been re-designed in order to ensure they fit within budgeted cost constraints. I hope all of them are built soon.	My priorities are based on need and importance. I would list the Cherrydale Fire Station as first priority, the Reed School second, and the North Tract sports-aquatic complex last. Expensive, nice-to-have projects, need

The ACTA Watchdog

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Cherrydale Fire Station. Please comment on how these might be prioritized.	determinations have been made. Such an approach would have kept us out of many of the project difficulties we've experienced.	termed a "yuppie sports complex." Also I oppose future capital expenditures on the Columbia Pike trolley, which is a boondoggle for developers, not a serious mass transit option.	Reed/Westover. These projects should be completed within two years. I support using voter-approved funds for an affordable recreation space at North Tract site. Additional North Tract development will need to be prioritized in the future.		much more careful evaluation than what has been happening.
11) Do you believe that Arlington taxpayers are entitled to know how much the County is spending on services to illegal immigrants?	To determine this figure, you would have to check the immigration status of every Arlington school student, every Metro rider, every park & library user – and that's just for starters. I would not support such an effort.	We have the right to know how much the County spends on every service. However, this information should not be used as a weapon against the sick, the elderly, or the young, no matter what their immigration status is. I oppose denying any social services to residents of Arlington, regardless of their immigration status. Arlington should not be in the business of enforcing a failed federal immigration policy.	I'm proud that Arlington is a welcoming, caring community where inclusiveness is highly valued. I believe Arlington taxpayers have a right to know that their tax dollars are not wasted. This means that taxes are efficiently used to meet the needs of members of our community, not needlessly diverted to enforce broken federal immigration laws.	I believe in an open and transparent government, and the budgetary information we have should be public. However, we should not spend a single dollar to collect extraneous information. As stated in our recent resolution by the Arlington County Board, Arlington complies with all federal and state laws including those involving eligibility for services. (By the way, let us all be reminded of the taxes that immigrants pay in every day, regardless of their status.)	Yes, I do.
12) The curbside recycling contract is due to be renewed in FY 2009. In your opinion, is the curbside recycling program cost-effective? If not, how would you change it before voting to renew the contract?	The program in my neighborhood works quite well. Recycling is an important community function that allows all citizens of Arlington to play an environmental role. The contract should be competitively bid and awarded to the lowest bidder who can provide the same or better quality of service.	Expenditures should not be the only factor in determining the benefits of curbside recycling. Arlington incinerates its trash and must pay to dispose of whatever cannot be burned. The less we burn, the better our air quality will be. Moreover, recycled goods generally require less energy for manufacturing, which is yet another way to lessen our carbon footprint. Arlington should expand its recycling contract to include plastics #3-6 and institute recycling at public parks.	I am very interested in learning more about our recycling program and its costs and benefits. There are communities similar to Arlington that recycle many more items and have made it easier for businesses to participate. As a strong supporter of periodic program evaluation, I believe the recycling program would benefit from a comprehensive review of its objectives and effectiveness prior to renewing any contract.	Our current 4-year curbside recycling contract called for three additional optional years and we are on the second of those three optional years. I will review carefully the options the Board will have when the contract comes up for renewal and will consider any adjustments or vendor changes.	I do not know the costs of the current program. This contract amount is supposed to cover costs of collection. There are benefits in reducing non-degradable trash that would otherwise be deposited in dumps. I would need to see details of the current program and possible alternatives before deciding on whether to renew the current contract.
13) Arlington currently spends and subsidizes over \$38 million annually on various	I question your characterization of Arlington as an "island" here, as	As long as Arlington continues to create more than 50 low-paying jobs for each	I strongly believe that affordable housing is essential for Arlington to retain its	No, Arlington County is not an "island" because we subsidize affordable housing. All the local	In a market-driven environment there would be little affordable housing

The ACTA Watchdog

ACTA's Questions	Michael McMenamin	Joshua Ruebner	Mary Hynes	Walter Tejada	Joseph Warren
<p>"affordable" housing programs. Over \$18 million of that comes from Arlington taxpayers ("net tax support"). In a market-driven environment, should Arlington continue to act as a figurative "island" and provide a range of housing from deeply subsidized to fair market value?</p>	<p>many of our neighboring jurisdictions have programs somewhat similar to ours. I support a continuation of current funding levels for affordable housing, and will work to maintain them.</p>	<p>luxury apartment building that is constructed, there will be a need for the government to subsidize housing. We need to do a better job of creating a community where people who work here can also live. Otherwise, we overburden our transportation infrastructure by forcing people to make long commutes thereby further degrading our environment.</p>	<p>character and quality of life. Arlington must remain a community of opportunity where our parents and children, public servants and teachers, newcomers and oldtimers, and those with diverse incomes can afford to live. I support the work of the County Board that allows all kinds of people to call Arlington home.</p>	<p>governments in this area subsidize housing to make it affordable. Fairfax, DC, Alexandria, and Maryland jurisdictions put extensive resources into these critical programs. Affordable housing helps our economy function effectively, reduces transportation demands, and helps ensure we remain a diverse, caring community in which each person is important.</p>	<p>in Arlington. The question should be how much subsidy should be given low income individuals. I believe the current amount of aid to low-income individuals and/or households is about right I would not support increases.</p>
<p>14) A referendum on the question of a quasi-independent housing and redevelopment authority is likely to be on the November 2008 ballot. If elected, will you support such a referendum?</p>	<p>Very little discussion on this issue has occurred – but my initial inclination would be to oppose it. I don't believe creation of a new bureaucracy, that in many ways would compete with our non-profits in providing affordable housing, and probably require higher levels of county subsidy, is a prudent approach.</p>	<p>The Green Party initiated this referendum and I fully support it. Arlington is losing affordable housing at an unacceptable rate. Relying solely on private developers and non-profit organizations to make up the difference is a failed strategy. A public housing authority will help to streamline the affordable housing process by coordinating the work of various County commissions and agencies and provide dedicated workforce housing for County employees.</p>	<p>This idea of a public housing and redevelopment authority intrigues me. I am very interested in learning more about its pros and cons. I am also looking forward to engaging the entire community in a conversation so that, should authorization of a housing authority be on the November 2008 ballot, we will all be well informed by that time.</p>	<p>I think this issue deserves careful study and debate. I support the discussion.</p>	<p>I would not support a new housing authority. It would, inevitably, become a self-sustaining bureaucracy that would also likely come into conflict with the existing programs and sources of affordable housing funds.</p>

BEST OF GROWLS

Read all that we're *growing* about at ACTA's Internet site, *Growls*:

www.acta.us

October 7, 2007 – Arlington Treasurer Wants Another Perk for County Employees

At the October 2 meeting of the Civic Federation, Arlington County Treasurer Frank O'Leary "rolled out" his proposal for "home loans with below-market interest rates," according to the online Arlington Sun-Gazette. The program:

"would use a portion of the funds currently invested by the county government, lending them out to financial institutions, which in turn would provide low-cost home loans to police officers, firefighters, teachers and others in the county workforce."

In a comment posted to the article, Wayne Kubicki, Arlington's preeminent fiscal watchdog, raises the issue of risk and whether taxpayers really want local government in the mortgage business.

Taxpayers should also know that most state and local government employees are already well-compensated. According to Budget & Tax News, published by the Heartland Institute, state and local government employees earn almost \$1,000 more than do their

The ACTA Watchdog

private-sector counterparts. When total compensation is considered, which includes fringe benefits, the difference grows to over \$6,000, or 11% more than their private-sector counterparts.

The Heartland Institute article, which is based on U.S. Department of Commerce data, notes that average teacher pay is yet even higher. They note:

“teacher compensation has closely tracked the overall state and local government pay average since 1990. The average compensation in state and local education in 2006 was \$62,371.

“State and local workers are not paid as well as federal workers, on average, but they usually receive similarly generous fringe benefits, including high job security and lucrative pension and health care plans. The BEA data do not capture the value of non-dollar benefits.”

Just how princely do we want to make our county employees?

"As someone who lived under communism for most of his life, I feel obliged to say that I see the biggest threat to freedom, democracy, the market economy and prosperity now in ambitious environmentalism, not in communism. This ideology wants to replace the free and spontaneous evolution of mankind by a sort of central (now global) planning."

Vaclav Klaus, President, Czech Republic

"The democracy will cease to exist when you take away from those who are willing to work and give to those who would not."

Thomas Jefferson

“The American Republic will endure, until politicians realize they can bribe the people with their own money.”

Alexis de Tocqueville